



P.O. BOX 69, HEBER CITY, UTAH, 84032

PHONE: (801) 654-2621

Dec. 30, 1971

Gentlemen,

At long last we have a copy of the lease drawn by the Highway Commission to the State Parks, Basically I think we can probably live with the terms as stated.

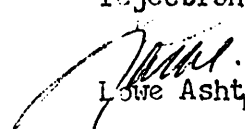
I feel that the only places where Mr. Kay has deviated from the Governors memo to a large degree is in his interpretation of the Governors intent as to salvage credit, and in his insistence that the Highway Department retains title to the salvage material, and requires our company to haul and stockpile the materials in their yard, a requirement that could cost the company untold amounts of labor over the lease period.

The other area that galls me is where Mr. Kay dictates just how the Utah Legislature must react when they build the highway. It is very apparent just who is the boss in this State.

After all this frustrations, my recommendations is that we accept it, because I can tell you from long, hard, and extremely bitter experience, Mr. Kay ain't going to budge from this position. He has drawn this lease, with its usual Highway Department perfection, in his eyes it is extremely fair to all parties, and that it. I don't care how upset we might be at some of the terms, I am not strong enough, nor is this company financially strong enough to continue fighting any longer. If one of you want to pick up the ball, or mount the white charger, more power to you, personally, I'm tired.

Seriously, the most pertinent points, ie the long terms, the nominal amount of lease are there, the great danger to our entire project still remains the Highway Departments proposed construction of the fourlane limited access road in Provo canyon. I do sincerely feel that public opinion and the legislature will not allow them to destroy us if we are a success, and if we are not. we should get out of the way.

Please remember, this lease covers the line from the Dam to Bridal Veil. The terms of the lease from Heber to the Dam will be the same except perhaps better treatment on salvage material and its use. The minimum will be \$2777.00 plus the \$4850, total \$7627.00 less the small material credit we may be able to get. Read, vote your acceptance or voice your rejection, and I'll sign the final copy if the majority accept.


Lowe Ashton

THE IRON HORSE TRAIL THROUGH THE ALPS OF UTAH

Re: Parcel No. 019-1:5:LX
Project No. F-019-1(13)

LEASE AGREEMENT

THIS LEASE AGREEMENT made and entered into this _____ day of _____, 1971, by and between the State Road Commission of Utah, hereinafter called the "Road Commission," and the Division of Parks and Recreation, hereinafter called the "Division," which said Lease shall become effective on the date herein first mentioned and remain in effect for a period of twenty-five (25) years, dating from the 2nd day of January, 1972, and shall be renewable for a period of an additional twenty (20) years at the option of the Division subject to the terms and conditions hereinafter provided.

WHEREAS, it is agreed that the Division will sublease to the Wasatch Mountain Railway Company, the old D. & R.G.W.R.R right of way and appurtenances between Bridal Veil Falls and Wallsburg as detailed in the descriptions and maps attached hereto and hereby made a part hereof; and

WHEREAS, certain terms and conditions for the use of said old D. & R.G.W.R.R. right of way and appurtenances have been heretofore negotiated, including the number of round trips to be operated weekly.

NOW, THEREFORE, the following terms and conditions are agreed:

1. The sublease by and between the Division and the Wasatch Mountain Railway Company will contain the same conditions and requirements as stated herein pertaining to liability, damages, responsibility, operation, and renewal.

2. The Division shall pay to the Road Commission on January 2, 1973, and annually thereafter, for use of the railroad from Bridal Veil Falls to Wallsburg, the sum of \$4,850, which is six percent of the value of the salvageable materials on the right of way.

3. Should the Division or the sublessee install ties or rails on that section of the right of way from Bridal Veil Falls to Wallsburg, the Road Commission will give credit to the Division for two-thirds of the present day salvage market value which is determined as follows:

75# rail	\$23.33 / ton
85# rail	46.00 / ton
90# rail	53.33 / ton
ties rail	.50 / each

Any materials removed in improvements or reconstruction of the rail line by the Division or company shall become the property of the Utah State Road Commission and shall be hauled to and stockpiled by the Division or company at the Department's District 6 Office located at 825 North 9th West, Orem, Utah. Stockpiling of said materials shall be as directed by the District Engineer or his authorized representative. Any material not accepted by the Commission as without salvage value shall be properly and lawfully disposed of by and at the expense of the Division. Any credit not used to offset the lease payments required pursuant to this lease in any calendar year shall be carried forward to the next succeeding calendar year until all such credits have been offset against the lease payments.

4. All ties and rails installed on the section of the right of way from Bridal Veil Falls to Wallsburg shall become the property of the Road Commission upon installation.

5. The Division shall provide for maintenance of the old D.&R.G.W.R.R. rails, roadbed, and all other appurtenances in a manner that shall assure their return to the Road Commission in a state of good repair.

6. The Division shall require its sublessee at all times to protect, indemnify and save harmless the Road Commission and the Division from any and all claims, demands, judgments, costs, expenses, and all damages of every kind and nature made, rendered, or incurred by or in behalf of any person or corporation whatsoever, in any manner due to or arising out of injury to or death of any person, or damage to property of any person or persons whomsoever, including the parties hereto and their employees, or in any manner arising from or growing out of the construction, maintenance, operations, repair, extension, existence, use or removal of said sublessee, or failure to properly construct, maintain, or remove the same, including any insecurity of surface caused by the construction or use of said sublessee's operation and from all costs and expenses.

7. The Division will require its sublessee to provide a certificate of insurance acceptable to the Division and the Road Commission covering such heretofore mentioned liability.

8. The specified terms and option of renewal of this lease is subject to continued operation of the Wasatch Mountain Railway pursuant to the terms of its Lease Agreement with the Division of Parks and Recreation, State of Utah. The terms and option

renewal is further subject to a valid appropriation by the Utah State Legislature of sufficient funds to provide for the construction of the necessary highway railway separation structure or structures and/or required railroad relocation prior to the necessity of construction thereof as determined by the Department of Highways-Utah State Road Commission.

9. In the event of substantial change in salvage value the parties may upon mutual consent reconsider the question of salvage at five-year intervals.

IN WITNESS WHEREOF, the Road Commission and the Division have caused these presents to be signed by their proper officials thereunto duly authorized.

ON BEHALF OF THE STATE ROAD COMMISSION

ATTEST:

Secretary

Director of Highways

ON BEHALF OF THE DIVISION OF PARKS AND RECREATION

Director

Approved as to Form
VERNON B. ROMNEY, ATTORNEY GENERAL

By _____